

## Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ARA-10 EUR-12 EA-10 IO-13 ISO-00  
AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03  
H-01 INR-10 INT-05 L-03 LAB-04 NSAE-00 NSC-05  
PA-01 CTME-00 AID-05 SS-15 STR-07 ITC-01 TRSE-00  
ICA-11 SP-02 SOE-02 OMB-01 DOE-15 STRE-00 SIL-01  
NEA-11 /168 W

-----032180 121443Z /45

P R 121413Z JUN 78

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 7037

INFO ALL EC CAPITALS

AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

AMEMBASSY CANBERRA

AMEMBASSY MOSCOW

AMEMBASSY OTTAWA

AMEMBASSY PRETORIA

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

USMISSION GENEVA

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PASS ELECTRONICALLY USDA FOR ASST SEC HATHAWAY AND STR  
FOR AMB WOLFE

USEEC ALSO FOR EMBASSY

USMTN

E.O. 11652: N/A

TAGS: EAGR, ETRD, OCON

SUBJECT: GRAIN NEGOTIATIONS - INTERIM COMMITTEE

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1. SUMMARY. EC INTRODUCED A SCHEMA FOR A COARSE GRAINS  
ARRANGEMENT BASED ON NOTIONAL UPPER AND LOWER PRICES AND  
A PRICE INDICATOR SCALE WITH POINTS AT WHICH CONSULTA-  
TIONS WOULD BE UNDERTAKEN ON MEASURES TO STABILIZE THE  
MARKET. U.S. MADE GENERAL STATEMENT THAT WE WOULD COOP-  
ERATE IN DEVELOPING THE TEXT OF A COARSE GRAIN ARRANGE-  
MENT BASED ON CONSULTATION AND INFORMATION SHARING BUT

THAT ANY PROVISIONS ON NOTIONAL PRICES OR A PRICE INDICATOR SCALE MUST BE BRACKETED.

2. THE FOLLOWING IS THE FULL TEXT OF THE PAPER INTRODUCED BY THE EC WHICH PRESENTS A SCHEME FOR A COARSE GRAINS ARRANGEMENT:

- A. UPPER NOTIONAL PRICE(S).
- B. RISING MARKET ACTION POINT: DECISIONS ON IMPLEMENTATION OF MEASURES ENVISAGED AS RESULT OF CONSULTATIONS AT RISING MARKET ALERT POINT AND ON SUCH FURTHER MEASURES, IF ANY, AS MIGHT BE REQUIRED.
- C. RISING MARKET ALERT POINT: CONSULTATIONS TO EVALUATE THE CURRENT AND PROSPECTIVE MARKET SITUATION AND TO CONSIDER WHAT MEASURES, INCLUDING DE-STOCKING, MIGHT BE TAKEN IF THE MARKET DETERIORATES FURTHER.
- D. FALLING MARKET ALERT POINT: CONSULTATIONS TO EVALUATE THE CURRENT AND PROSPECTIVE MARKET SITUATION AND TO CONSIDER WHAT MEASURES, INCLUDING STOCKING, MIGHT BE TAKEN IF THE MARKET DETERIORATES FURTHER.
- E. FALLING MARKET ACTION POINT: DECISIONS ON IMPLEMENTATION OF MEASURES ENVISAGED AS RESULT OF CONSULTATIONS AT FALLING MARKET ALERT POINT AND ON SUCH FURTHER MEASURES, IF ANY, AS MIGHT BE REQUIRED.
- F. LOWER NOTIONAL PRICE(S).

3. IN RESPONSE TO THE EC PROPOSAL, THE U.S. DELEGATE LIMITED OFFICIAL USE

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(SAYLOR) MADE A STATEMENT WHICH IS PARAPHRASED AS FOLLOWS.

4. DURING THE EARLY PHASES OF THESE NEGOTIATIONS, THE U.S. FOCUSSED PRIMARILY ON WORLD FOOD SECURITY AND ON WHEAT, THE PRINCIPAL FOODGRAIN IN INTERNATIONAL TRADE. AT THE BEGINNING OF THE UNCTAD CONFERENCE, WE STATED THAT THE U.S. WOULD BE WILLING TO DISCUSS COARSE GRAINS

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ICA-11 SP-02 SOE-02 OMB-01 DOE-15 STRE-00 NEA-11  
SIL-01 /168 W

-----032200 121444Z /45

P R 121413Z JUN 78  
FM AMEMBASSY LONDON  
TO SECSTATE WASHDC PRIORITY 7038  
INFO ALL EC CAPITALS  
AMEMBASSY BRASILIA  
AMEMBASSY BUENOS AIRES  
AMEMBASSY CANBERRA  
AMEMBASSY MOSCOW  
AMEMBASSY OTTAWA  
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BUT THAT WE WERE NOT CONVINCED THAT A COARSE GRAINS  
AGREEMENT WOULD LIKELY BE OF INTEREST TO OTHER PARTICI-  
PANTS. THE U.S. IS, OF COURSE, INTERESTED IN STABILI-  
ZATION OF COARSE GRAIN TRADE, AND THE U.S. HAS TAKEN  
STEPS UNILATERALLY TOWARD THAT END. OUR DOMESTIC POLICY  
CONTRIBUTES SIGNIFICANTLY TOWARD STABILIZATION OF COARSE  
GRAIN TRADE BOTH THROUGH OUR DOMESTIC RESERVE PROGRAM AND  
THROUGH ADJUSTMENTS IN UTILIZATION OF FEED BY OUR LIVE-  
STOCK ECONOMY. BECAUSE OF THE ELASTICITIES INVOLVED, WE  
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CONSIDER ADJUSTMENT OF FEED UTILIZATION IN RESPONSE TO  
SUPPLY CONDITIONS AN IMPORTANT MEANS BY WHICH COARSE  
GRAIN MARKETS ARE STABILIZED.

5. FROM OUR PERSPECTIVE GREATER STABILITY OF COARSE  
GRAIN TRADE CAN BE ACHIEVED BY DEVELOPING PROCEDURES FOR  
GREATER SHARING OF THE BURDEN OF ADJUSTMENT TO INSTABIL-  
ITY AND, IN PARTICULAR, GREATER SHARING OF THE BURDEN OF  
ADJUSTMENT OF UTILIZATION. WE HAVE NOT HEARD GREAT  
INTEREST IN THIS APPROACH. WE DO NOT FULLY SEE HOW THE  
PRIMARY OBJECTIVE OF PROVIDING FOR GREATER STABILIZATION

CAN BE ACHIEVED WITHOUT SUCH COMMITMENTS. BUT WE HAVE NOT HEARD FROM OTHER COUNTRIES WHAT SPECIFIC STEPS THEY WOULD BE WILLING TO UNDERTAKE TO ASSURE GREATER EQUITY IN SHARING THE BURDEN OF ADJUSTMENT IN PERIODS OF INSTABILITY.

6. THE U.S. CAN ANNOUNCE THAT WE WILL COOPERATE WITH OTHERS IN DEVELOPING THE TEXT OF A COARSE GRAINS ARRANGEMENT BASED ON CONSULTATIONS AND INFORMATION SHARING. BUT WE WILL INSIST THAT ANY PROVISIONS RELATED TO PRICE INDICATORS OR NOTIONAL PRICES MUST BE PLACED IN BRACKETS.

7. FOLLOWING U.S. STATEMENT THERE WAS NO FURTHER DISCUSSION OF EC PAPER. COMMUNITY REP (PIZUTTI) SAID THAT PURELY CONSULTATIVE AGREEMENT WAS NOT ENOUGH AND ASKED THAT DISCUSSION BE DEFERRED UNTIL LATER IN MEETING SO THAT COUNTRIES COULD HAVE OPPORTUNITY TO DIGEST NEW EC POSITION ON COARSE GRAINS.

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
**Concepts:** GRAINS, NEGOTIATIONS, COMMITTEE MEETINGS, TRADE AGREEMENTS, MEETING REPORTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 12 jun 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
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**Disposition History:** n/a  
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**Disposition Remarks:**  
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**Litigation History:**  
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**Review Exemptions:** n/a  
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**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
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**TAGS:** EAGR, ETRD, OCON  
**To:** STATE USEEC MULTIPLE  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
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